

HOUSE RESEARCH

Bill Summary

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Subject: Tax increment financing (TIF) – city of Mound

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This bill extends the 5-year rule for a TIF district (Mound Harbor) in the city of Mound to 15 years.

Background information. The five-year rule requires 80 percent (75 percent for redevelopment districts) of tax increment revenues derived from a TIF district after the fifth year to be spent to decertify the district. After the fifth year, money may only be spent to (1) pay bonds or contracts that financed improvements, if bonds were issued before the end of the five-year period or (2) reimburse the developer for costs it paid to make improvements in the district during the first five years. When sufficient money has been set aside, the district is decertified.

This district was certified in 2005. As a result, it received a general law extension of the 5-year rule to 10 years under the 2010 Jobs Bill, which applied to all TIF districts certified between June 30, 2003 and April 20, 2009.